

Message Text

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E.O. 11652: GDS, 12/31/79

TAGS: ECON, ETRD, NATO

SUBJECT: NATO AND NORTH ATLANTIC ECONOMIC RELATIONS

REF: A) STATE 315258

B) USNATO 5026

C) USNATO 5138

D) USNATO 4897

FOR ACTING SECRETARY RUSH

1. POLICY: THE DEPARTMENT'S RESPONSE TO MY TELEGRAM (REF B) REGARDING NATO'S CONSIDERATION OF ECONOMIC MATTERS IMPELS ME TO PROVIDE YOU A FURTHER EXPLANATION OF MY VIEWS.

2. THE DEPARTMENT'S REFTEL A. STATES THAT THE NATO ECONOMIC COMMITTEE SHOULD WORK ONLY ON EAST-WEST ISSUES AND DEFENSE-RELATED ASPECTS OF ECONOMIC QUESTIONS AMONG ALLIES. THIS POSITION, WERE WE TO ENUNCIATE IT IN NATO, WOULD REPRESENT A SIGNIFICANT UNILATERAL NARROWING OF THE MANDATE OF THE ECONOMIC COMMITTEE TO WHICH THE U.S. HAS PREVIOUSLY AGREED. THE PRESENT MANDATE STATES: "THE COMMITTEE WILL STUDY AND REPORT TO THE COUNCIL ON CONCOMITANT ISSUES OF SPECIAL INTEREST TO THE ALLIANCE, PARTICULARLY THOSE WHICH HAVE POLITICAL OR DEFENSE IMPLICATIONS OR AFFECT THE ECONOMIC HEALTH OF THE ATLANTIC COMMUNITY AS A WHOLE." KDOCUMENT C-R(57)4).

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3. I AM CONVINCED OF THE WISDOM OF THIS MANDATE, PROPOSED BY THE COMMITTEE OF THREE AND APPROVED BY THE NATO COUNCIL. ECONOMIC FACTORS, LIKE POLITICAL AND MILITARY FACTORS, ARE LINKED IN MAINTAINING SECURITY IN THE NORTH ATLANTIC AREA. ANY

INCREASED NATO INVOLVEMENT IN INTRA-ALLIED ECONOMIC RELATIONS SHOULD RELATE TO NATO'S SECURITY OBJECTIVES. HOWEVER, I HAVE THE IMPRESSION THAT THE DEPARTMENT THOUGHT WE WERE PROPOSING AN OPEN-ENDED ECONOMIC CONSULTATION PROGRAM UNRELATED TO THE SECURITY INTERESTS OF THE ALLIANCE.

4. ECONOMIC DEVELOPMENT OF THE MEDITERRANEAN COUNTRIES IS A GOOD EXAMPLE OF WHAT I HAVE IN MIND. THIS TOPIC IS SUGGESTED IN REFTEL D BY THE ECONOMIC DIRECTORATE. REFTEL C GAVE THE MISSION'S RATIONALE FOR ECONOMIC COMMITTEE WORK ON THIS SUBJECT. THE MEDITERRANEAN AREA IS VITAL TO NATO'S SECURITY. NATO HAS LONG ENGAGED IN ESSENTIALLY POLITICAL-MILITARY ASSESSMENTS OF THIS AREA. ECONOMIC ASSESSMENTS WOULD EQUALLY RELATE TO THE SECURITY QUESTION AND WOULD ONLY COMPLEMENT WHAT NATO IS ALREADY DOING ON THE MEDITERRANEAN.

5. RAW MATERIALS ARE ANOTHER EXAMPLE OF AN ECONOMIC ISSUE WHICH NATO WOULD DO WELL TO EXAMINE AT AN EARLY DATE. THIS IS ANOTHER TOPIC SUGGESTED BY THE ECONOMIC DIRECTORATE. THE GROWING SCARCITY OF RAW MATERIALS, AND THE WEST'S INCREASING DEPENDENCE ON IMPORTS FROM LDCS MAY IN TIME BECOME AS DIVISIVE AN ISSUE WITHIN THE ALLIANCE AS OIL HAS BECOME. THIS IS A PROBLEM WHICH THE ALLIES HAD BEST START THINKING ABOUT NOW.

6. PARA 3, REFTEL A, DESCRIBES THE WORK OF ECONOMIC ORGANIZATIONS SUCH AS GATT, IMF, AND OECD, AND EXPRESSES CONCERN THAT AN INCREASED ECONOMIC ROLE FOR NATO WOULD CAUSE A PROLIFERATION OF WORK WITHOUT ADDING TO OUR UNDERSTANDING ON ECONOMIC QUESTIONS. I BELIEVE THIS IS THE CRUX OF THE DEPARTMENT'S MISUNDERSTANDING OF THIS MISSION'S VIEW. THERE IS NO INTENTION OF DUPLICATION IN THE WORK OF THE ECONOMIC ORGANIZATIONS AND NATO. THE ECONOMIC ORGANIZATIONS DO NOT PRESENTLY CONSIDER THE IMPACT OF ECONOMIC FACTORS ON ATLANTIC SECURITY. THIS IS PRECISELY BECAUSE OF THE WIDE MEMBERSHIP OF THESE ORGANIZATIONS, INCLUDING NEUTRALS SUCH AS FINLAND, SWEDEN, AUSTRIA AND SWITZERLAND. ALSO CONSULTATION IN THESE ORGANIZATIONS DOES NOT HAVE THE DEGREE OF CONFIDENTIALITY FOUND IN NATO. THE ECONOMIC ORGANIZATIONS HAVE CONFIDENTIAL

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DONE USEFUL WORK ON ISSUES LIKE MEDITERRANEAN ECONOMIC DEVELOPMENT AND RAW MATERIALS, BUT NOT FOR EXPLICIT SECURITY PURPOSES. NATO WOULD USE WHATEVER WORK THE ECONOMIC ORGANIZATIONS HAVE DONE IN APPROACHING THESE ISSUES FROM ITS OWN ATLANTIC SECURITY VIEWPOINT. THIS VERY CLEAR NATO SECURITY FOCUS WOULD NOT CHANGE THE FOCUS OF EXISTING ECONOMIC ORGANIZATIONS OR OF PRESENT US-EC BILATERAL CHANNELS.

7. FINALLY, I WOULD LIKE TO ADDRESS THE CONCLUDING PARAGRAPH OF REFTEL A WHICH EXPRESSES CONCERN THAT RE-FOCUSING THE ECONOMIC ARM OF NATO "MIGHT COMPLICATE ONGOING AND CONTEMPLATED U.S. INTERNATIONAL ECONOMIC POLICY UNDERTAKINGS." GREATER ALLIED AWARENESS THAT SOME ECONOMIC ISSUES HAVE SECURITY IMPLICATIONS

FOR THE ALLIANCE MIGHT ACTUALLY FACILITATE U.S. INTERNATIONAL ECONOMIC POLICY UNDERTAKINGS. BUT MORE IMPORTANT, FAILURE TO CONSIDER IN NATO ECONOMIC ISSUES SUCH AS THOSE DESCRIBED ABOVE MAY SERIOUSLY COMPLICATE U.S. INTERNATIONAL SECURITY POLICY UNDERTAKINGS, AND MAY ALREADY HAVE DONE SO IN THE CASE OF OIL.

8. ACTION REQUESTED: THAT THE DEPARTMENT RECONSIDER THIS QUESTION IN LIGHT OF THIS FURTHER EXPLANATION OF MY VIEWS, THAT THE U.S. SUPPORT THE PROPOSAL BY THE NATO INTERNATIONAL STAFF FOR GREATER NATO INVOLVEMENT IN INTRA-ALLIED ECONOMIC MATTERS (REFTEL D), AND SPECIFICALLY ON THE TOPICS CONCERNING THE MEDITERRANEAN AND RAW MATERIALS. THE ECONOMIC COMMITTEE MEETING WHICH WILL DISCUSS THIS MATTER IS NOW SCHEDULED FOR NOVEMBER 15.
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